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Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

Chapter 11

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 Debtor.

Jointly Administered Under  
 Case No. BK-S-06-10725 LBR

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

Date: September 13, 2006  
 Time: 9:30 a.m.

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

**COURT ORDERED STATUS REPORT  
 REGARDING NOTICE OF NOVEMBER  
 13, 2006 CLAIM BAR DATE, PROOF OF  
 CLAIM FORM AND PROOF OF  
 INTEREST FORM  
 (AFFECTS ALL DEBTORS)**

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1 USA Commercial Mortgage Company (“USACM”), USA Capital Diversified Trust Deed  
 2 Fund, LLC (“Diversified Fund”), USA Capital First Trust Deed Fund, LLC (“First Trust Deed  
 3 Fund”), USA Securities, LLC (“Securities”), and USA Capital Realty Advisors, LLC (“Realty  
 4 Advisors”) (collectively, the “Debtors”), by and through their undersigned counsel, hereby submit  
 5 the following status report of the notices of the November 13, 2006 claim bar date, the proof of  
 6 claim forms, and the proof of interest form.

7 A. SUMMARY OF FACTS

8 1. The Debtors commenced their respective bankruptcy cases by filing voluntary petitions  
 9 for relief under chapter 11 of the Bankruptcy Code on April 13, 2006 (the “Petition Date”). The  
 10 Debtors’ cases are being jointly administered pursuant to an order of this Court.

11 2. On August 31, 2006, the Court set November 13, 2006, as the date by which proofs of  
 12 claim and proofs of interest forms must be filed to be considered timely filed.

13 3. The Court further set September 18, 2006, as the date by which notice of the bar date  
 14 must be mailed to all creditors and other parties in interest and requested that the parties report to  
 15 the Court on September 11, 2006, regarding any issues that the parties could not resolve regarding  
 16 the notices, proofs of claim, and proofs of interest forms that are to be sent to all creditors and  
 17 other parties in interest so that those issues could be determined at the September 13, 2006  
 18 hearing. This status report is filed pursuant to the Court’s August 31, 2006 request.

19 4. The order setting the deadline for filings proofs of claim and proofs of interest has not,  
 20 as yet, been entered.

21 B. STATUS OF PROGRESS

22 5. On August 8, 2006, Debtors circulated drafts of the following: (i) Notice of Deadline  
 23 Requiring Filing of Proofs of Claim on or Before November 13, 2006 (directed to all persons and  
 24 entities having interests in loans serviced by USACM); (ii) Notice of Deadline Requiring Filing of  
 25 Proofs of Interest on or Before November 13, 2006; (iii) Notice of Deadline Requiring Filing of  
 26 Proofs of Claim on or Before November 13, 2006 (directed to all persons and entities with claims  
 27 against USACM, First Trust Deed Fund, Diversified Fund, Realty Advisors and Securities); (iv)  
 28 Proof of Claim (Custom Scheduled Form); (v) Proof of Interest (Custom Scheduled Form); (vi)

1 Proof of Claim (Generic Form); and (vii) Proof of Claim (for Direct Lenders) (collectively  
 2 referred to as the "Draft Forms"). Copies of the Draft Forms are attached hereto as **Exhibit A**  
 3 **through G**, respectively.

4 6. Counsel for the Committee for the Diversified Fund and Counsel for the Committee for  
 5 the First Trust Deed Fund have thus far submitted the following comments to the Draft Forms:

- 6 a. Additional clarification should be provided in the Draft Forms regarding the  
 7 identify of the equity interest holders, the extent of each of their interests,  
 8 and the allowance of their claimed interests;
- 9 b. Additional warning language should be included in the Draft Forms  
 10 emphasizing the importance of filing the proof of claim and proof of  
 11 interest forms in the correct Debtor bankruptcy case, and also including  
 12 more specific language about the filing deadline;
- 13 c. Additional clarification should be provided in the Draft Forms regarding  
 14 whether the proof of claim and proof of interest forms can be filed with the  
 15 bankruptcy court clerk, and if so, the address of the bankruptcy court clerk  
 16 and the specific filing deadline for filing with the bankruptcy court clerk;
- 17 d. The inclusion of address correction language as appropriate in the Draft  
 18 Forms; and
- 19 e. The inclusion of the website information for each of the Committees in the  
 20 Draft Forms.

21 Based upon these comments, the Debtors have prepared a revised Notice of Deadline  
 22 Requiring Filing of Proofs of Interest on or Before November 13, 2006, a copy of which is  
 23 attached as **Exhibit "H"**.

24 7. The Debtors also expect to receive comments to the Draft Forms from the Unsecured  
 25 Creditors Committee and the Committee of Holders of Executory Contract Rights.

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1                   8.       The Debtors believe that most, if not all, of the comments from the  
2 Committees can be incorporated into the Draft Forms, and the Debtors and the Committees are  
3 working to try and reach a consensus on the Draft Forms prior to the September 13, 2006 hearing.  
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5                   Respectfully submitted this 11th day of September, 2006.  
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7                                   /s/ Lenard E. Schwartz  
8                                   Lenard E. Schwartz, Nevada Bar No. 0399  
9                                   Jeanette E. McPherson, Nevada Bar No. 5423  
10                                  SCHWARTZER & MCPHERSON LAW FIRM  
11                                  2850 South Jones Boulevard, Suite 1  
12                                  Las Vegas, Nevada 89146

13                                  and

14                                  Annette W. Jarvis, Utah Bar No. 1649  
15                                  Steven C. Strong, Utah Bar No. 6340  
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